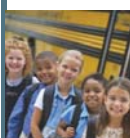




State Clean Diesel Program FY2008

www.epa.gov/cleandiesel



Funding is now available for clean diesel activities. For fiscal year 2008, Congress appropriated funds for the first time under the Energy Policy Act (2005) to help reduce emissions from heavy-duty diesel engines. Through the National Clean Diesel Campaign, the Environmental Protection Agency (EPA) will award grants to assist its eligible partners in building diesel emission reduction programs across the country that improve air quality and protect public health. For fiscal year 2008, the national amount of funding available is \$49.2 million.

Why Clean Diesel?

Reducing emissions from diesel engines is one of the most important air quality challenges facing the country. Even with EPA's more stringent heavy-duty highway and nonroad engine standards set to take effect over the next decade, millions of diesel engines already in use will continue to emit large amounts of nitrogen oxides, particulate matter and air toxics, which contribute to serious public health problems. These emissions are linked to thousands of premature deaths, hundreds of thousands of asthma attacks, millions of lost work days, and numerous other health impacts every year.

This year, Clean Diesel funding is split into two components:

- National Clean Diesel program (70% of funding)
- State Clean Diesel Grant program (30% of funding)

State Clean Diesel Grant Program

Approximately \$14.8 million is available for State activities to achieve significant reductions in diesel emissions. The State Clean Diesel Grant Program is not a competition, but an allocation process which allows States to build programs that reduce diesel emissions from the existing fleet. State program funds may be used to establish grant and loan programs for clean diesel projects using verified and/or certified retrofit technologies and EPA-approved idle reduction technologies. States with existing clean diesel funding programs may elect to include emerging diesel emission reduction technologies in their grant and loan programs.

An incentive is provided to States which match Federal resources towards clean diesel programs. State agencies may also apply for funding through the National Clean Diesel Funding Assistance Program.

EPA is providing specific guidance in the Federal Register on the application process, permissible uses of funds, and a streamlined annual renewal process. To support States in the development of clean diesel programs, EPA also has provided tools and resources including examples of existing programs, information about the cost effectiveness of emissions reduction technologies and verification of clean diesel technologies. Visit our website at www.epa.gov/cleandiesel.

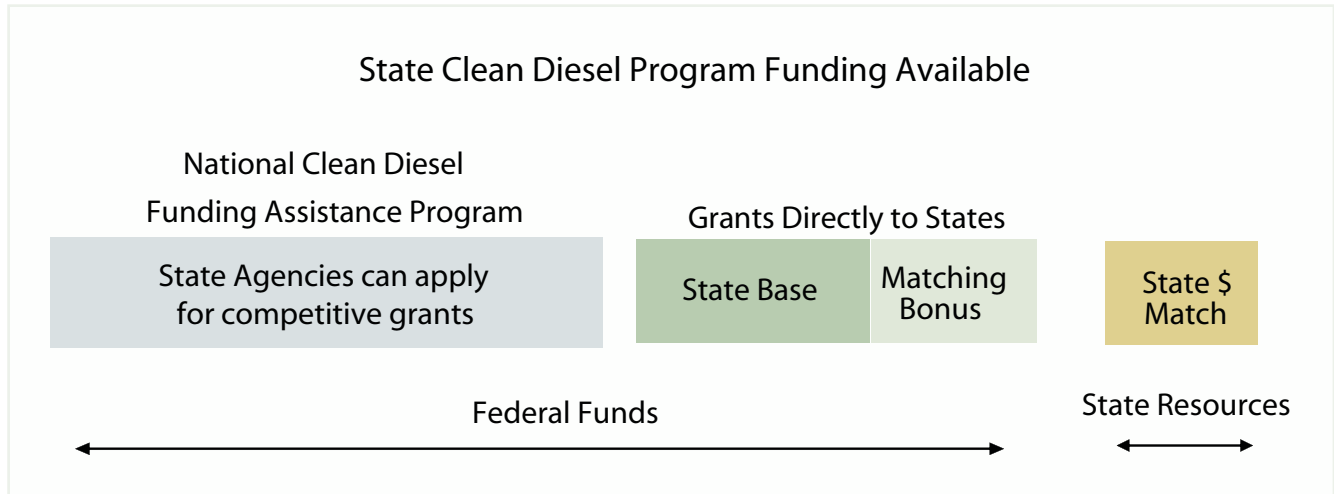
Key Steps in the Process

- EPA guidance issued in *Federal Register*
- Electronic *Notice of Intent to Apply* from State agency to EPA Office of Transportation and Air Quality. Approximate due date is April 4, 2008 (check *Federal Register* notice for exact date)
- EPA applies allocation formula to provide an estimated budget for each participating State
- State agencies draft statement of work and budget based on target funding level and determine exact dollar match
- State agencies negotiate final work plan with EPA Regional Offices
- EPA awards grants to States
- States execute work plan and report results quarterly
- States follow streamlined process for renewal for following year
- EPA provides guidance to States new to the program in FY09

Allocation of Funds to States

EPA allocates funding to the States through a population-based formula outlined in the Energy Policy Act (2005):

- Twenty percent of the total funds is provided to States participating in the program as base funding
- Ten percent of the total funds is provided to States as incentive for match.
- Any unclaimed funds revert to the National Clean Diesel Funding Assistance Program.



Matching Funds

EPA provides an incentive for State partners to match Federal resources. A match is not required for this program, but if States match dollar for dollar with cash or in-kind services, they can receive an additional fifty percent of the base funding. This match must be met by eligible and allowable costs and is subject to the match provisions in the assistance agreement regulations. Other Federal funds cannot be used as a match.

Guidelines for Project Priorities in State Clean Diesel Grant Programs

Under the law, priority projects are those that accomplish the following:

- Maximize public health benefits;
- Are the most cost effective;
- Serve areas with highest population density; that are in poor air quality areas, including
 - nonattainment and maintenance areas, Federal class 1 areas,
 - areas with toxic pollutant concerns,
 - areas that receive a disproportionate quantity of air pollution from diesel fleets including truck stops, ports, rail yards, terminals and distribution centers,
 - areas that use a community-based multi-stakeholder collaborative process to reduce toxics emissions;
- Maximize the useful life of any certified engine configuration, verified technology, or emerging technology;
- Conserve diesel fuel; and
- Use diesel fuel with a sulfur content of less than or equal to 15 ppm (for nonroad engines).



National Clean Diesel Campaign

For more information visit our website at www.epa.gov/cleandiesel